

FOREIGN POLICY BULLETIN

An analysis of current international events



1918-1949

FOREIGN POLICY ASSOCIATION • INCORPORATED • 22 EAST 38TH STREET • NEW YORK 16, N. Y.

VOL. XXIX No. 2

OCTOBER 21, 1949

Hazards Seen in U.S. Relations with Communist China

The publication of the State Department's White Paper on China has in no way abated the criticisms of the curiously negative and detached policy of the United States toward Asia. That this policy has been confusing, vacillating, costly in money and prestige, few will deny. Charitable critics point out that no satisfactory policy is possible in a continent "out of control," to use Owen Lattimore's words, and that our policy is confused because the situation in Asia is confused. Harsher critics charge that we are letting Asia go by default and that our past policy has been a tragic failure.

Unquestionably the White Paper is a damning indictment of the Nationalist government of China, tempered by some recognition of the magnitude of the problems with which it has been beset. This is not a new story to anyone who has had direct contact with China in the past decade. The shortcomings of the Kuomintang-dominated regime, its loss of popular confidence, and its increasing tendencies in the direction of "a power-state in Confucian dress," as John K. Fairbank once described it, were generally recognized. Thousands of Americans who had dealings with this regime during and since World War II can testify to the frustrations and discouragements which they experienced.

Nature of Chinese Communism

There is a grave danger, however, that Americans will become so absorbed in criticizing the Nationalist government that they will overlook, or misinterpret, the true character and objectives of the Chi-

nese Communists. Many "experts" on China have been victims of this mental roadblock; they have reacted so violently against the Nationalist government, and have been so impressed with the apparent desire of the Chinese Communists to un-

A State Department committee headed by Philip C. Jessup, Ambassador at Large, is at present re-examining American policy in Asia. In view of the great public interest in this subject, the Foreign Policy Association has invited several experts of differing points of view to present their ideas concerning the course the United States could or should follow toward Asia. The fourth of these articles is published in the current issue.

dertake real reforms, that they have become apologists for communism in its Chinese version. Yet anyone who is familiar with the record of the Chinese Communists should know that from the beginning they have been closely identified, especially on the ideological plane, with world communism; that the "New Democracy" of Mao Tse-tung is admittedly of the same type as the "people's democracy" of the satellite states of Eastern Europe; that the second stage of "socialism" is not the liberal-democratic socialism of the Western tradition, but is instead the kind that is called for in Communist doctrine, namely a half-way house on the way to full communism; and that China, as the greatest of the semi-colonial countries to come under Communist control,

has a peculiar significance as a testing-ground for the adaptation of Marxist-Leninist principles to the Asiatic scene and as a base for further pressures against the rest of Asia. The Communist doctrine calls for support of, and cooperation with, native nationalist movements, with the object of gaining control of these movements and eventually shaping them to the ends of communism. Chinese nationalism may upset the Communist time-table in China, and Mao Tse-tung may turn out to be another Tito, but at present there is no sign of such developments.

An understanding of the real nature and aims of Chinese communism is particularly important for those who will shape the course of our future relations with the "People's Republic of China," proclaimed on October 1. Under the best of circumstances, it will be difficult to "do business" with such a regime. While the Communist government, because of its great need for assistance from the outside world, may encourage foreign investment and trade, it will invariably ascribe the most sordid motives to the "capitalist-imperialist states." Moreover, attempts to help the people of China will become more difficult. How can we be sure that aid will really reach the people who need it, and will not be diverted to build up an avowedly hostile regime? Experience in post-war relief to China has underlined the necessity for close supervision of the distribution and use of American aid; yet Communist states will never agree to conditions such as the Marshall Plan countries, for example, have accepted.

Eventually the United States may be

Contents of this BULLETIN may be reproduced with credit to the Foreign Policy Association

forced to recognize a Communist government in China as an accomplished fact; but we should be under no illusions that we can gain its friendship by concessions or conciliatory gestures. Washington's relations with such a government must be strictly formal; its business dealings with it must be on a *quid pro quo* basis, subject to the same types of controls as those which regulate American trade with the U.S.S.R. and the Communist-ruled states of Eastern Europe. Beyond that, the United States must review its policies toward Communist China in the light of basic principles and overall objectives. It is hard to see how closer relations will accord with the "basic principles" of our China policy as laid down by Secretary of State Acheson on August 5, 1949.

The White Paper revealed three deplorable tendencies in American policy toward China: the tendency to minimize the gravity and magnitude of the recent events in China, the tendency to use the Nationalist government as a scapegoat for the failures of American policy, and the tendency to disclaim all responsibility for the unfortunate developments in post-war China. These attitudes are unworthy and unrealistic. There is much truth in the statement by Dr. T. F. Tsiang to the United Nations General Assembly on September 22: "Since the conclusion of World War II nothing has happened in any part of the world which is more serious than what has happened in my country during the past year." It may be that the official American attitude toward China reflects not so much a failure to appreciate this interpretation as "an inability to know how not to ignore" the Chinese situation, as *The New York*

Times has suggested. The other two tendencies are particularly regrettable. Kicking a man when he is down and attempting to avoid responsibility are not, we like to think, American traits; yet our government seems to be exhibiting both characteristics with respect to China.

New Orientation Needed

The failure of our China policy has driven home the need for a new orientation in our approach to Asia. Our policy should be expressed both in general terms and in concrete implementation.

A statement by the President of our basic policies in Asia is long overdue. This statement should be based on an honest admission of past errors of judgment and of action or inaction, an expression of deep concern in the outcome of what Carlos P. Romulo has described as the "mighty race for the still fluid and indeterminate loyalties of Asia," a willingness to encourage and support movements for independence as long as they are not diverted to the dead end of communism, an effort to understand the vital needs and underlying philosophies of the people of Asia, and a sense of comradeship in a common struggle. Obviously, too, the statement should affirm that in Asia as elsewhere we are opposed to communism and should state the reasons for this position. This last point is vitally important, to avoid identification with reaction and with opposition to change and needed reforms.

To implement a more positive policy toward Asia we should do all we can to help the peoples of that vast continent deal more effectively with their basic problems, such as hunger, disease and

mass illiteracy. Point Four, if properly applied, has revolutionary implications for Asia. We should encourage peaceful resolution of the differences between Asiatic peoples moving toward independence and the colonial powers which formerly controlled them. We should also encourage tendencies toward regionalism in Asia, as well as other tendencies toward the closer cooperation of Asiatic states. Our official attitude that current proposals for a Pacific union are too nebulous and premature to warrant our support at this time may well be correct, especially since the strong endorsement of the idea by Chiang Kai-shek and Syngman Rhee has raised some doubts of the real objectives of its sponsors; but we should be prepared to cooperate with various forms of Pacific union, if they develop freely among the states of Asia.

The whole non-Communist world looks to the United States for leadership, for assistance and for morale. This is a role of vast responsibility and great danger; but we cannot abdicate it, and we cannot fill it with negative policy. We have much to offer to Asia and much to learn from it. The distinguished visitor from India, Prime Minister Nehru, has expressed the belief that "the emergence of Asia in world affairs will be a powerful influence for world peace." If this belief is justified, Asia will contribute to the world far more than it receives from the nations of the West.

NORMAN D. PALMER

(Norman D. Palmer, chairman of the Political Science Department at the University of Pennsylvania, is the author of a series of eight articles under the general title of "Makers of Modern China" which appeared in recent issues of *Current History*. During the war he traveled extensively in the Pacific combat theater as a Naval Air Combat Intelligence officer.)

Will Congress Economize on Foreign Policy?

WASHINGTON — When Senate Democratic and Republican leaders visited President Truman at the White House on October 12 to ask whether he preferred an Air Force of 48 or 58 groups, he recommended the smaller number because it would mean "savings of \$741,000,000." The size of the Air Force is one of the factors determining the vigor of United States foreign policy. The Administration, affected by repeated expressions of doubt in Congress that the country can long survive as a major power if it continues to expend public funds at the post-war rate, is now feeling its way toward a thrifty foreign policy.

Yet since a campaign for economy could alter the basic character of our foreign policy, the Administration hesitates to embrace it wholeheartedly. Two days after the Senators had called at the White House, Under Secretary of State James E. Webb told the House of Representatives Appropriations Committee that the expenditure of \$1,314,000,000 on the arming of Western and Southern Europe would be "not charity but common sense." Washington's policy is still to maintain and extend American leadership in areas of the world which have not yet made special arrangements with the Soviet Union, and outside the Western Hemi-

sphere the United States has relied primarily on large grants for economic and military purposes as the means of achieving its objectives. Today our foreign policy planners are weighing the question whether Washington can find a substitute for financial expenditure in its efforts to support governments along the rim of the Soviet orbit in Europe and the Near East.

Thrift in Foreign Policy

The most striking example of the Administration's concern with thrift in foreign affairs is the Point Four proposal for improvement of underdeveloped areas. The House Banking and Currency Com-

mittee on October 5 approved the bill authorizing the Federal government to guarantee business investments abroad, and the House Foreign Affairs Committee has been considering the companion bill which would authorize the government to encourage overseas development projects by financing technical consultations. Point Four is an implicit announcement that the United States government will not extend costly programs like the Marshall Plan and the Military Assistance Program beyond Europe and the Near East. The Point Four program would assign to private firms the main responsibility for providing funds in Latin America, Africa and most of Asia.

Projects for Saving

Among Asian countries, the Federal government is now giving financial aid to Turkey, Iran, Korea, the Philippine Republic and Japan, and the MAP authorizes the President to spend \$75,000,000 in China if he wants to. Many of the officials who advocate the immediate negotiation of a peace treaty with Japan, despite objections the Soviet Union may raise, have in mind the relief of American taxpayers. Administration officials have also been considering the possibility of effecting savings in the Marshall Plan through a new scheme for dividing funds among the beneficiaries of the plan on the basis of "merit" (self-propulsion toward recovery) instead of on the basis of need. So far as public opinion is concerned, a foreign policy of thrift will become possible whenever the distaste for spending overrides fear of Russia. The Administration has used fear of the U.S.S.R. as its chief argument in winning Congressional support for its programs. Britain's economic crisis of last summer, moreover, di-

verted the Administration from its preoccupation with the Russian menace to improvement of economic and social conditions in the countries within our sphere of influence. The trade agreements which the United States signed on October 9 at Annécý, France, are designed not to injure the Soviet Union but to bolster the Western world without additional public spending. The reductions in the American tariff schedules will become effective on January 1.

Now, however, efforts to contain Russia have become once more the chief goal of foreign policy. Gen. Omar Bradley, chairman of the Joint Chiefs of Staff, turned to that theme when, on October 15, he urged the Senate Appropriations Committee to allocate the money needed for the MAP. He argued that the Soviet Union has 175 combat divisions under arms now, could put 300 divisions in the field within ninety days, and could quickly augment these with 200 additional divisions. And Under Secretary of State Webb has told the House Appropriations Committee: "The hard facts of international life today for us, for the nations of Western Europe . . . stand forth in stark reality from the record of U.S.S.R. broken promises, threatened aggression and subversive fifth column activities on every continent and in every country." The metamorphosis of the Soviet zone of occupation in Germany into the German Democratic Republic on October 7, with a Communist president, Wilhelm Pieck, and a Communist Prime Minister, Otto Grotewohl, has intensified American interest in strengthening economically the anti-Communist western German Federal Republic. All these developments strengthen arguments for spending in Europe.

Senator Robert Taft's criticisms of for-

eign policy during his present preparatory campaigning in Ohio for the elections of 1950 have raised the question here whether other Republicans, in their combined efforts next year to win control of the Senate and House, will attack the Truman Administration on grounds of extravagance in foreign affairs. The possibility that such a strategy might attract the voters is an incentive to the Administration to practice economy, even to the point of revising its foreign policy.

Russia and the Atom

Since Dean Acheson became Secretary of State in January, Congress has supported the Administration by approving the extension of the Marshall Plan, the North Atlantic Pact, the International Wheat Agreement, the Trade Agreements Act and the Military Assistance Program. The Senate's recommitment on October 15 of the bill liberalizing regulations for the admission of displaced persons is one of the few defeats the Administration has suffered this year at the Capitol in the realm of foreign affairs. To what extent Congress will be affected by the disclosure of Russia's knowledge of atomic explosions is yet uncertain. General Bradley told the Senate Appropriations Committee that the Soviet Union's atomic development should make no difference in allied rearmament plans. It is possible, however, that some Congressmen will now insist not on economy but on the need for spending larger sums for our own armament in 1950 than we have in the past. And the knowledge that Russia has the secret of manufacturing atomic bombs may act as a deterrent to the demands of those Congressmen who have been calling for economy in the conduct of foreign policy.

BLAIR BOLLES

Trieste Pawn in Struggle over Yugoslavia

With the formation of a West German State under the surveillance of Allied civilian High Commissioners, Western Allied Military Government is reduced to two relatively small areas of Europe—Austria and Zone A of the Free Territory of Trieste. In Zone A 5,000 British and 5,000 American troops commanded by General Terence S. Airey still occupy and supervise the administration of an area which, by the terms of the Italian peace treaty of 1947, was intended to be placed under the supervision of a gov-

ernor responsible to the United Nations Security Council.

Bone of Contention

The creation of a Free Territory of Trieste protected by the United Nations and including both Zone A and Zone B (the latter is now occupied by the Yugoslavs) seems doomed. The United States, the United Kingdom and France have already placed themselves on record in their declaration of March 20, 1949 as desiring the return of the Free Territory

to Italy. With this end in view Allied Military Government has progressively moved towards fiscal and customs union with Italy as well as the organization of local elections for six commune councils in Zone A, held during June of this year. Meanwhile, Yugoslavia has virtually integrated Zone B into its national economy. The Free Territory of Trieste thus represents an abortive attempt at international government, the only plan for direct international administration of a territory to emerge after World War II.

In this zone where Italian, Slav and Austrian interests have impinged on each other for decades, the steady deterioration of Russian-Yugoslav relations placed the Free Territory in an anomalous role. The Russians have reversed their original position with respect to the choice of a governor for the Territory and are now urging the appointment of Colonel Hermann Fluckiger, former Swiss Minister in Moscow, who had been originally suggested by the British in September 1947. Marshal Tito, for his part, has shifted his propaganda attacks from Trieste and AMG to Cominform activities in Yugoslavia and neighboring states.

Soviet Aims

From the point of view of the Soviet Union the advocacy of a Free Territory under the protection of the United Nations Security Council, in which Russia has the right of veto, can and probably will be presented as the only "legal" settlement. The creation of such a territory would lead to demands by Russia for the withdrawal of Allied occupation troops, thereby exposing Trieste and its environs to the pressure of the local Cominform Communists. Although the Cominform Communist party obtained only 21 per cent of the vote in the Commune of Trieste during the June 12 election, it had the second largest party vote; moreover, this party proved easily the most formidable political group in the other five small communes in Zone A. The long-range object of its activities, however, is to embarrass and upset the heretic Tito. A Russian-oriented territory wedged in between Yugoslavia and northern Italy would be a triumph for Soviet diplomacy.

GERARD J. MANGONE

(The first of two articles on Trieste. Gerard J. Mangone, Assistant Professor of Government at Wesleyan University, visited Trieste and Italy during the summer.)

Japan, Enemy or Ally? by W. Macmahon Ball. New York, John Day, 1949. \$3.00 (Published under the joint auspices of the International Secretariat, Institute of Pacific Relations, and the Australian Institute of International Affairs.)

A reasoned survey of postwar problems in Japan and a rather critical discussion of American policy by an Australian political scientist who served as British Commonwealth member of the Allied Council for Japan. An appendix contains the new Japanese constitution, the report of the Johnston Committee and the American statement on industrial deconcentration.

Branch and Affiliate Meetings

*PHILADELPHIA, October 21, *The Atomic Bomb—Where Do We Stand Today?*, Lt. General Leslie R. Groves, Harold Clayton Urey

*BUFFALO, October 22, *The U.N. Reports to the Niagara Frontier*, Hon. Warren Austin

*SPRINGFIELD, October 22, *Can There Ever Be "One World"?*, Paul L. Dengler

HARTFORD, October 24, *The World Today*, Walter Schwinn

*NEW YORK, October 25, *The World Over*, Brooks Emeny

*CLEVELAND, October 26, *The Struggle for Democracy: Sun Yat Sen and the 1911 Revolution*, Harold M. Vinacke

*MILWAUKEE, October 27, *American Foreign Policy and the United Nations*, Adolph I. Mandelker

*CLEVELAND, November 1, *Yugoslavia: Rebel in the Balkans*, Stoyan Pribichevich

*NEW YORK, November 1, *China and Southeast Asia: What Next?* Owen Lattimore, Stewart Alsop

*MILWAUKEE, November 3, *World Government: Hope or Illusion?*, Adolph A. Suppan

ST. PAUL, November 3, *The Economic Consequences of American Foreign Policy*, Seymour E. Harris

*BUFFALO, November 5, *U.S.A.-U.S.S.R.: Today's Super-Powers*, Vera Micheles Dean

*Data taken from printed announcement

Military Unification Problems

What are the real reasons for the bitter debate between leaders of our armed forces revealed by the Navy's protests? For background information, READ:

MILITARY ESTABLISHMENT OF THE UNITED STATES

by Blair Bolles

September 1 issue

Foreign Policy Reports—25c.

Subscription \$5; to FPA members, \$4

This *Report* has been assigned to Cadets of the Second Class at the United States Military Academy for use in their course on American government.

News in the Making

The United Nations General Assembly has been marking time on *atomic bomb control and conventional armaments* following the Russian proposal presented by Jacob Malik on October 11—a proposal described by American officials as "phony." The United States is expected to present soon a new overall plan for atomic energy control, disarmament and general peace settlement. . . . Meanwhile, UN delegates concentrated on discussions of colonial problems, technical assistance to underdeveloped areas, and settlement of the Balkan question, believed to have been facilitated by the announcement of the Greek guerrilla army on October 16 that it had ceased operations. In contrast to customary clashes between East and West, the Economic and Financial Committee of the Assembly on October 14 unanimously adopted two programs devised by the Economic and Social Council for *technical assistance to underdeveloped countries* through the United Nations. . . . On the same day the *Trusteeship Committee*, overriding protests by the United States and Britain, voted to require colonial authorities in areas under the international trusteeship system to submit within one year concrete blueprints showing how millions of African and Pacific natives were to achieve self-government or independence. . . . With the *British general election* postponed by Prime Minister Clement Attlee's announcement of October 13 that Parliament would not be dissolved "this year," the Labor government concentrated on mapping out further measures to alleviate Britain's economic crisis in the wake of sterling devaluation. The election is now expected to take place no earlier than next March. . . . The State Department is stressing the value of on-the-spot reports from *diplomatic envoys in Europe*. Assistant Secretary George W. Perkins has gone abroad for two conferences—one in Paris beginning October 21 with American ambassadors in Western Europe, and another in London starting October 24 with representatives in Eastern Europe, including Russia and Yugoslavia.